

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Humboldt, Michigan	County Marquette
Fiscal Year End 3/31/07	Opinion Date 7/20/07	Date Audit Report Submitted to State 9-25-07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES  
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Anderson, Tackman, & Company, PLC		Telephone Number 906-225-1166	
Street Address 102. W. Washington St., Suite 109		City Marquette	State MI
		Zip 49855	
Authorizing CPA Signature 		Printed Name Michael Alan Grentz	License Number 1101027988

**TOWNSHIP OF HUMBOLDT, MICHIGAN**  
**FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2007**

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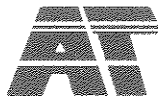
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# ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Township Board  
Township of Humboldt, Michigan  
244 Co Rd FAF  
Humboldt, Michigan 49814

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Humboldt, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township of Humboldt, Michigan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Humboldt, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Humboldt, Michigan as of March 31, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2007 on our consideration of the Township of Humboldt, Michigan's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and

other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 10 and 31 and 34 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Humboldt, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements, and schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statement. The combining and individual nonmajor fund financial statements, and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

July 20, 2007

## **TOWNSHIP OF HUMBOLDT, MICHIGAN**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Our discussion and analysis of the Township of Humboldt, Michigan's financial performance provides an overview of the Township's financial activities for the year ended March 31, 2007. Please read it in conjunction with the financial statements, which begin on page 11.

#### FINANCIAL HIGHLIGHTS

- Net assets for the Township as a whole increased by \$53,124 or 13 percent as a result of this year's operations.
- During the year, the Township had expenses for governmental activities that were \$162,456 and revenues of \$215,580.
- The General Fund reported a net fund balance of \$215,670. Net change in fund balance was \$4,258 lower than the forecasted increase of \$27,439.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

#### **Reporting the Township as a Whole**

Our analysis of the Township as a whole begins on page 7. One of the most important questions asked about the Township's finances is "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's net assets and changes in them. You can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or financial position. Over time, increases or decreases in the

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Township's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's patron base and the condition of the Township's capital assets, to assess the overall financial health of the Township.

In the Statement of Net Assets and the Statement of Activities, we divide the Township into two kinds of activities:

- **Governmental Activities** – Most of the Township's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and state sources fund most of these activities.
- **Business-Type Activities** – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township has no Business-Type Activities.

### Reporting the Township's Most Significant Funds

Our analysis of the Township of Humboldt, Michigan's major funds begins on page 9. The fund financial statements begin on page 13 and provide detailed information on the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The Township of Humboldt, Michigan's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- **Governmental funds** – Most of the Township of Humboldt, Michigan's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term* view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township of Humboldt, Michigan's programs. We describe the relationship (or differences) between *governmental activities* (reported in the Statement of Net Assets and Statement of Activities) and *governmental funds* in a reconciliation which follows the fund financial statements.
- **Proprietary funds** – When the Township of Humboldt, Michigan charges customers for the services it provides – whether to outside customers – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Township of Humboldt, Michigan's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The Township of Humboldt, Michigan does not have any proprietary funds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

### The Township as Trustee

The Township of Humboldt, Michigan is the trustee, or fiduciary, for assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 17. We exclude these activities from the other financial statements because the Township of Humboldt, Michigan cannot use these assets to finance its operations.

The Township of Humboldt, Michigan is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### The Township as a Whole

Table I provides a summary of the Township's net assets as of March 31, 2007.

	Table I Net Assets	
	Governmental Activities – 2007	Total Primary Government – 2007
Current and other assets	\$289,594	\$289,594
Non-current assets	<u>172,143</u>	<u>172,143</u>
Total Assets	<u>461,737</u>	<u>461,737</u>
Current liabilities	4,851	4,851
Non-current liabilities	<u>2,757</u>	<u>2,757</u>
Total Liabilities	<u>7,608</u>	<u>7,608</u>
Net Assets:		
Invested in capital assets, net of related debt	172,143	172,143
Restricted	-	-
Unrestricted (deficit)	<u>281,986</u>	<u>281,986</u>
Total Net Assets	<u>\$454,129</u>	<u>\$454,129</u>

Net assets of the Township of Humboldt, Michigan's governmental activities stood at \$454,129. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$281,986.

The \$281,986 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township of Humboldt, Michigan as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal year 2007.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 2  
Changes in Net Assets

	Governmental Activities – 2007	Total Primary Government – 2007
<b>Revenues:</b>		
Program Revenues:		
Charges for services	\$1,871	\$1,871
Operating Grants	534	534
Capital Grants	6500	6500
General Revenues:		
Property taxes	164,237	164,237
State Sources	34,030	34,030
Interest	4,820	4,820
Miscellaneous	<u>3,588</u>	<u>3,588</u>
Total Revenues	<u>215,580</u>	<u>215,580</u>
<b>Program Expenses:</b>		
Legislative	4,991	4,991
General Services and Administration	67,266	67,266
Public Safety	25,372	25,372
Public Works	47,519	47,519
Community & Economic Dev.	2,460	2,460
Recreation and Culture	3,067	3,067
Other	<u>11,781</u>	<u>11,781</u>
Total Expenses	<u>162,456</u>	<u>162,456</u>
Excess (deficiency) before transfers	53,124	53,124
Transfers	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	53,124	53,124
Net assets, beginning, as restated	<u>401,005</u>	<u>401,005</u>
Net Assets, Ending	<u>\$454,129</u>	<u>\$454,129</u>

The Township of Humboldt, Michigan's total revenues were \$215,580. The total cost of all programs and services was \$162,456, leaving an increase in net assets of \$53,124. Our analysis below separately considers the operations of governmental activities:

### **Governmental Activities**

The net assets of the Township of Humboldt, Michigan's governmental activities increased \$53,124 for the year ended March 31, 2007.

The \$53,124 is made up of \$51,555 Net Income from the governmental funds discussed later, capital outlay of \$6,500, depreciation expense of \$6,055 and reclassified principal payments on debt of \$1,124 from expenditures.

### **THE TOWNSHIP'S FUNDS**

As the Township of Humboldt, Michigan completed the year, its governmental funds (as presented in the balance sheet on page 13 reported a combined fund balance of \$285,947 which is an increase of \$51,555 from the beginning of the year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The main reason we had a net increase of \$51,555 was due to our conservative approach to spending.

### General Fund Budgetary Highlights

Over the course of the year, the Township of Humboldt, Michigan Board did not revise the budget.

With these adjustments, actual charges to expenditures were \$7,492 less than the final amended budget. Conversely, revenues were \$6,134 more than the final budget projection.

Of the additional \$6,134 in revenues, \$6,500 was a Federal grant for election equipment, \$2,472 was from interest income, and \$(5,500) was from not receiving a State grant.

The additional \$3,472 was due from immaterial variances in the other revenue accounts.

Actual expenditures were \$7,492 less than our final budget. We saved \$5,733 in park expenditures due to volunteer labor and equipment.

We saved an additional \$2,477 in Retirement expense, due to over budgeting. Expenditures for the Board of Review were \$10,813 higher than budgeted due to a tax tribunal judgment. The additional \$10,095 was due from immaterial variances in the other expenditure accounts.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year, the Township of Humboldt, Michigan had \$172,143 invested in a variety of capital assets including land, buildings, and other equipment. (See table 3 below)

Table 3 Capital Assets at Year-End (Net of Depreciation)		
	Governmental Activities - 2007	Totals - 2007
Land	\$ 20,041	\$ 20,041
Land improvements	-	-
Buildings and improvements	146,902	146,902
Equipment and furnishings	5,200	5,200
	<u>\$172,143</u>	<u>\$172,143</u>

The Township of Humboldt, Michigan purchased new voting equipment for \$6,500 in the current year. Depreciation expense for the year was \$6,055.

### Debt

At end of the fiscal year, the Township of Humboldt, Michigan had \$3,961 in bonds outstanding as depicted in Table 4 below.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 4  
Outstanding Debt at Year-End

	<u>Governmental Activities - 2007</u>	<u>Totals - 2007</u>
Landfill Bond	<u>\$3,961</u>	<u>\$3,961</u>

The Township of Humboldt, Michigan had no new debt in the current year and made principal payments of \$1,124.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

In preparing the Township of Humboldt, Michigan's budget for the year ending March 31, 2008 the Township looked at the past year's budget and did the budget for 2008 with some minor adjustments.

### **CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township of Humboldt, Michigan's finances and to show the township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township of Humboldt, 244 County Road FAF, Humboldt, MI 49814.

**Township of Humboldt, Michigan**

**STATEMENT OF NET ASSETS**

March 31, 2007

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 251,125
Receivables (net)	<u>38,469</u>
<b>TOTAL CURRENT ASSETS</b>	<u>289,594</u>
Non-current assets:	
Capital Assets	
Capital assets being depreciated	<u>172,143</u>
Total Capital Assets	<u>172,143</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>172,143</u>
<b>TOTAL ASSETS</b>	<u>461,737</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts payable	2,721
Accrued liabilities	926
Current portion of bonds payable	<u>1,204</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>4,851</u>
Non-current Liabilities:	
Bonds payable	<u>2,757</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>2,757</u>
<b>TOTAL LIABILITIES</b>	<u>7,608</u>
<b>NET ASSETS</b>	
Invested in capital assets net of related debt	172,143
Unrestricted	<u>281,986</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 454,129</u></u>

The accompanying notes are an integral part of these financial statements.

Township of Humboldt, Michigan

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended March 31, 2007

Function / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
<b>Primary Government:</b>					
Governmental Activities:					
Legislative	\$ 4,991	\$ -	\$ -	\$ -	(4,991)
General services and administration	67,266	1,850	-	6,500	(58,916)
Public safety	25,372	-	534	-	(24,838)
Public works	47,519	21	-	-	(47,498)
Community and economic development	2,460	-	-	-	(2,460)
Recreation and culture	3,067	-	-	-	(3,067)
Other	11,781	-	-	-	(11,781)
Total Governmental Activities	162,456	1,871	534	6,500	(153,551)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 162,456</b>	<b>\$ 1,871</b>	<b>\$ 534</b>	<b>\$ 6,500</b>	<b>(153,551)</b>
General Revenues:					
Taxes					164,237
Unrestricted State sources					34,030
Interest and investment earnings					4,820
Miscellaneous					3,588
Transfers					-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>206,675</b>
<b>CHANGE IN NET ASSETS</b>					<b>53,124</b>
Net assets, beginning of year					401,005
<b>NET ASSETS, END OF YEAR</b>					<b>\$ 454,129</b>

The accompanying notes are an integral part of these financial statements.

Township of Humboldt, Michigan

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2007

	General Fund	Road Fund	Fire EMS Fund	Sanitation Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 188,836	\$ 16,462	\$ 30,507	\$ 15,320	\$ 251,125
Receivables	8,237	-	-	-	8,237
Taxes receivable	8,891	2,163	3,984	1,968	17,006
Due from other funds	10,632	691	1,273	630	13,226
<b>TOTAL ASSETS</b>	<b>\$ 216,596</b>	<b>\$ 19,316</b>	<b>\$ 35,764</b>	<b>\$ 17,918</b>	<b>\$ 289,594</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 2,721	\$ 2,721
Accrued payroll and related	926	-	-	-	926
Due to other funds	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>926</b>	<b>-</b>	<b>-</b>	<b>2,721</b>	<b>3,647</b>
<b>FUND BALANCE:</b>					
Unreserved	215,670	19,316	35,764	15,197	285,947
<b>TOTAL FUND BALANCE</b>	<b>215,670</b>	<b>19,316</b>	<b>35,764</b>	<b>15,197</b>	<b>285,947</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 216,596</b>	<b>\$ 19,316</b>	<b>\$ 35,764</b>	<b>\$ 17,918</b>	<b>\$ 289,594</b>

The accompanying notes are an integral part of these financial statements.

Township of Humboldt, Michigan

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS

March 31, 2007

<b>Total Fund Balances for Governmental Funds</b>	<b>\$</b>	<b>285,947</b>
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*Amounts reported for governmental activities in the statement  
of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		172,143
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Long-term liabilities, including bonds payable, are not due and payable  
in the current period and therefore are not reported in the funds.

Current portion of bonds payable	1,204	
Bonds payable	<u>2,757</u>	
		<u>(3,961)</u>

<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>454,129</u></b>
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The accompanying notes are an integral part of these financial statements.

Township of Humboldt, Michigan

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended March 31, 2007

	General Fund	Road Fund	Fire EMS Fund	Sanitation Fund	Total Governmental Funds
<b>REVENUES:</b>					
Taxes	\$ 91,961	\$ 19,265	\$ 35,472	\$ 17,539	\$ 164,237
Licenses and permits	-	-	-	-	-
Federal sources	6,500	-	-	-	6,500
State sources	34,564	-	-	-	34,564
Charges for services	1,850	-	-	21	1,871
Interest	4,472	-	98	250	4,820
Other	2,151	-	-	1,437	3,588
<b>TOTAL REVENUES</b>	<b>141,498</b>	<b>19,265</b>	<b>35,570</b>	<b>19,247</b>	<b>215,580</b>
<b>EXPENDITURES:</b>					
Current operations:					
Legislative	4,991	-	-	-	4,991
General services and administration	61,211	-	-	-	61,211
Public safety	600	-	24,772	-	25,372
Public works	11,623	-	-	37,020	48,643
Community and economic development	2,460	-	-	-	2,460
Recreation and culture	3,067	-	-	-	3,067
Other	18,281	-	-	-	18,281
Capital outlay	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>102,233</b>	<b>-</b>	<b>24,772</b>	<b>37,020</b>	<b>164,025</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>39,265</b>	<b>19,265</b>	<b>10,798</b>	<b>(17,773)</b>	<b>51,555</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	51	-	16,839	16,890
Transfers (out)	(16,084)	-	(806)	-	(16,890)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(16,084)</b>	<b>51</b>	<b>(806)</b>	<b>16,839</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>23,181</b>	<b>19,316</b>	<b>9,992</b>	<b>(934)</b>	<b>51,555</b>
Fund balance, beginning of year	192,489	-	25,772	16,131	234,392
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 215,670</b>	<b>\$ 19,316</b>	<b>\$ 35,764</b>	<b>\$ 15,197</b>	<b>\$ 285,947</b>

The accompanying notes are an integral part of these financial statements.



**Township of Humboldt, Michigan**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended March 31, 2007

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 51,555</b>
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*Amounts reported for governmental activities in the statement  
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$	6,500	
Depreciation expense		(6,055)	
Gain (loss) on disposal		<u>-</u>	
			445

Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets.

1,124

<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>53,124</u></b>
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The accompanying notes are an integral part of these financial statements.

Township of Humboldt, Michigan

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

March 31, 2007

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 37,895
Due from other funds	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 37,895</u></u>
<b>LIABILITIES:</b>	
Due to other funds	\$ 13,226
Due to others	<u>24,669</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 37,895</u></u>

The accompanying notes are an integral part of these financial statements.

# TOWNSHIP OF HUMBOLDT, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

March 31, 2007

### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Township of Humboldt, Michigan have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

#### **(1) REPORTING ENTITY**

The Township of Humboldt, Michigan's financial statements present the Township of Humboldt, Michigan (the primary government). In evaluating the Township of Humboldt, Michigan as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the Township of Humboldt, Michigan may or may not be financially accountable and, as such, be includable within the financial statements.

#### **(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Township of Humboldt, Michigan's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities. The Township of Humboldt, Michigan does not have any activity that is classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township of Humboldt, Michigan's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

The government-wide focus is more on the sustainability of the Township of Humboldt, Michigan as an entity and the change in the Township of Humboldt, Michigan's net assets resulting from the current year's activities. For the most part, the effect of interfund activities has been removed from these statements.

### (3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

#### **Governmental Funds**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:

- **General Fund** – General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.
- **Road Fund** – Road Fund is a Special Revenue Fund type used to account for financial resources to be used for the expenditures related to road improvements.
- **Fire & EMS Fund** – Fire & EMS Fund is a Special Revenue Fund type used to account for financial resources to be used for the expenditures related to Fire and emergency management services.
- **Sanitation Fund** – Sanitation Fund is a Special Revenue Fund Type used to account for financial resources to be used for the expenditures related to rubbish collection.

#### **Fiduciary Funds**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The agency

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

fund is custodial in nature and does not present results of operations or have a measurement focus.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Township reports the following major governmental funds:

The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- **Road Fund** – Road Fund is used to account for financial resources to be used for the expenditures related to road improvements.
- **Fire & EMS Fund** – Fire & EMS Fund is used to account for financial resources to be used for the expenditures related to Fire and emergency management services.
- **Sanitation Fund** – Sanitation Fund is used to account for financial resources to be used for the expenditures related to rubbish collection.

The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

### (4) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

#### **Accrual**

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

## **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

### ***Modified Accrual***

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

### **(5) FINANCIAL STATEMENT AMOUNTS**

**Budgets and Budgetary Accounting** – The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board of Trustees a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to March 31 of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Humboldt Township Board of Trustees, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Supervisor is authorized by means of Township policy to make certain transfers:

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or group(s) and amount to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Trustees.
2. The following considerations must be reviewed in determination of transfer approvals:
  - a. Are the transfers consistent with the intent of the Board of Trustees in adopting the annual budget?
  - b. Will the transfer maintain the financial integrity of the Township?
  - c. Will the transfer provide a reasonable solution to the departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the Supervisor and submitted to the Township Board of Trustees for their review and approval. If approved, they are implemented by the Supervisor through a budget revision.

- f. The Township of Humboldt, Michigan adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary controls exist at the most detailed level adopted by the Board of Trustees, i.e., department for analytical purposes. A detailed line item breakdown is Prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets for the General Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board of Trustees.

**Cash Equivalents and Investments** – For the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and short-term certificates of deposit with original maturity of three months or less. Investments are carried at fair value.

**Capital Assets** – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	15 years
Building, structures and improvements	40 years
Equipment	5 years
Water and Sewage System	20-50 years
Vehicles	5 years
Infrastructure	20-50 years

**Long-Term Liabilities** – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

**Property Taxes** – Property taxes are levied as of December 1 of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.

**Compensated Absences** – The Township accrues accumulated unpaid vacation and sick leave days and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

**Deferred Revenues** – Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.



## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

**Interfund Activity** – Interfund activity is reported as either, loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

## NOTE B – DEPOSITS AND INVESTMENTS:

### Cash Equivalents

As of March 31, 2007, the Township of Humboldt, Michigan's cash and cash equivalents and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and equivalents	\$251,125	\$37,895	\$289,020
	\$251,125	\$37,895	\$289,020

### *Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Township of Humboldt, Michigan's deposits may not be returned to it. State law does not require and the Township of Humboldt, Michigan does not have a deposit policy for custodial credit risk. The carrying amounts of the Township of Humboldt, Michigan's deposits with financial institutions were \$289,020 and the bank balance was \$295,569. The bank balance is categorized as follows:

Amount insured by the FDIC	\$ 159,040
Amount uncollateralized and uninsured	136,529
	<u>\$ 295,569</u>

### Investments

As of March 31, 2007, the Township of Humboldt, Michigan did not have any investments.

### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Township of Humboldt, Michigan's investments. The Township of Humboldt, Michigan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

## NOTE B – DEPOSITS AND INVESTMENTS (Continued):

### *Credit Risk*

Michigan statutes (Act 196, PA 1997) authorize the Township of Humboldt, Michigan to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The Township of Humboldt, Michigan has no investment policy that would further limit its investment choices. Ratings are not required for the Township of Humboldt Michigan's investment in U.S. Government Agencies or equity-type funds. The Township of Humboldt, Michigan's investments are in accordance with statutory authority.

### *Concentration of Credit Risk*

The Township of Humboldt, Michigan places no limit on the amount the Township of Humboldt, Michigan may invest in any one issuer. There were no investments subject to concentration of credit risk disclosure.

## NOTE C – INTERFUND BALANCES:

Township of Humboldt, Michigan reports Interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of Interfund balances presented in the statements of net assets/balance sheet for governmental funds. Interfund transactions resulting in Interfund receivables and payables are as follows:

DUE TO OTHER FUNDS	DUE FROM OTHER FUNDS				
	General Fund	Road Fund	Fire & EMS Fund	Sanitation Fund	Total Due To Other Funds
Trust Agency Fund	\$100	\$-	\$-	\$-	\$100
Tax Collection Fund	10,532	691	1,273	630	13,126
Total Due From Other Funds	\$10,632	\$691	\$1,273	\$630	\$13,226

All balances resulted from the time lag between the dates that (1) Interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

		Transfer Out to Other Funds		
		General Fund	Fire & EMS Fund	Total Transfers In
Transfer In From Other Funds	General Fund	\$ -	\$806	\$806
	Road Fund	51		51
	Sanitation Fund	16,839		16,839
	Total Transfers Out	\$ 16,890	\$ 806	\$17,696

**NOTE C – INTERFUND BALANCES (Continued):**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE D – CAPITAL ASSETS:**

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at April 1, 2006	Additions	Disposals	Balance at March 31, 2007
GOVERNMENTAL ACTIVITIES:				
Land	<u>\$20,041</u>	<u>\$-</u>	<u>\$-</u>	<u>\$20,041</u>
Total Capital Assets, not being depreciated	<u>20,041</u>	<u>-</u>	<u>-</u>	<u>20,041</u>
Buildings and improvements	198,686	-	-	198,686
Land improvements	-	-	-	-
Furniture and equipment	<u>-</u>	<u>6,500</u>	<u>-</u>	<u>6,500</u>
Total Capital Assets being depreciated	<u>198,686</u>	<u>6,500</u>	<u>-</u>	<u>205,186</u>
Less Accumulated Depreciation:				
Buildings and improvements	(47,029)	(4,755)	-	(51,784)
Land improvements	-	-	-	-
Furniture and equipment	<u>-</u>	<u>(1,300)</u>	<u>-</u>	<u>(1,300)</u>
Total Accumulated Depreciation	<u>(47,029)</u>	<u>(6,055)</u>	<u>-</u>	<u>(53,084)</u>
Governmental Activities Capital Assets, Net	<u>\$171,698</u>	<u>\$(445)</u>	<u>\$-</u>	<u>\$172,143</u>

A depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

General and Administrative	<u>\$ 6,055</u>
Total	<u>\$6,055</u>

**NOTE E – LONG-TERM DEBT:**

SCHEDULE OF MARQUETTE COUNTY LANDFILL BOND  
March 31, 2007

	May	November	
	Principal	Interest	Total
2007	\$1,204	\$128	\$1,428
2008	1,311	96	1,443
2009	<u>1,446</u>	<u>36</u>	<u>1,482</u>
TOTALS	<u>\$3,961</u>	<u>\$260</u>	<u>\$4,353</u>

**NOTE E – LONG-TERM DEBT (Continued):**

The Bonds originally issued for \$14,342 and dated September 11, 1991 mature annually as scheduled above and bears a variable interest rate.

Changes in long-term debt principal during the period ended March 31, 2007 are summarized as follows:

	<u>April 1, 2006</u>	<u>Additions</u>	<u>Subtractions</u>	<u>March 31, 2007</u>
<b>Governmental Activities:</b>				
This debt represents the Township's share of the Bond to form the Joint Venture in the Marquette County Solid Waste Management Authority.	<u>\$5,085</u>	<u>\$-</u>	<u>\$1,124</u>	<u>\$3,961</u>
Total Governmental Activities	<u>5,085</u>	<u>-</u>	<u>1,124</u>	<u>3,961</u>
 TOTAL PRIMARY GOVERNMENT LONG-TERM DEBT	 <u>\$5,085</u>	 <u>\$-</u>	 <u>\$1,124</u>	 <u>\$3,961</u>

**NOTE F – PROPERTY TAXES:**

The Local Governmental Unit property tax is levied on each December 1<sup>st</sup> on the taxable valuation of property (as defined by State statutes) located in the Local Governmental Unit as of the preceding December 31<sup>st</sup>.

Although the Local Governmental Unit 2006 ad valorem tax is levied and collectible on December 1, 2006, it is the Local Governmental Unit's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60) days.

The 2006 taxable valuation of the Local Governmental Unit totaled \$18,056,802, on which ad valorem taxes levied consisted of 3.8362 mills for the Local Governmental Unit operation purposes, 1.8414 mills for Fire and EMS Services and 0.9105 mills for Sanitation and 1.0000 mills for Road. These amounts are recognized in the General Fund, Fire & EMS Funds, and Sanitation Fund financial statements as revenue.

**NOTE G – CONTINGENT LIABILITIES:**

Risk Management - The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained commercial insurance to handle its risk of loss.

**NOTE H – JOINT VENTURE:**

In June 1988, Humboldt Township joined with 19 other municipalities to create the Marquette County Solid Waste Management Authority ("Authority"). The Authority was created pursuant to Act 233 of 1955 to plan for, acquire, construct, finance, operate, maintain, repair and dispose of, whether by sale, lease, or otherwise, an Act 641 landfill, including all improvements, appurtenances, easements, accessory facilities and structures, equipment, and other property part of or incidental to the landfill sufficient to satisfy the requirements of, and function as a solid waste disposal area under Act 641 and to establish and administer procedures providing for the separation, recycling, recovery, conversion of solid waste to energy and for the disposition of such energy output and disposal at the

## **NOTE H – JOINT VENTURE (Continued):**

site of Non-toxic Type II and Type III Solid Waste, to fund all of the above activities, to charge and collect fees in connection with the operation of the landfill and to provide for the reimbursement with receipt of bond proceeds to the City of Marquette and Sands Township of their respective costs and expenses incurred in connection with the establishment and administration of the Solid Waste Authority and the System Facility.

The Authority is governed by a Board of Trustees consisting of one (1) member (who is the Chairperson of the board of Trustees) designated by the Sands Township Supervisor on behalf of the Sands Township, two (2) members designated by the Marquette City Commission; three (3) members designated by the Marquette County Board of Commissioners, and one resident of the City of Marquette appointed by the other 6 Authority Board members. All decisions of the Board are made by majority vote, consisting of at least four of its members.

The Township's share of assets, liabilities, and fund equity is approximately 10 percent. Summary financial information as of and for the fiscal year ended June 30, 2006, is as follows:

Total Assets	\$13,505,304
Total Liabilities	2,135,432
Total Equity	\$11,369,872
Total Operating Revenues	\$2,368,781
Total Operating Expenses	2,625,815
Net Income (loss)	\$(257,034)

The City of Marquette has pledged its full faith and credit for the Marquette County Solid Waste Management Authority Bonds, Series 1988. These bonds are payable from the net revenues of the Authority, as well as by each member of the Authority to the extent of their pro rata share of the principal and interest requirements on the bonds.

## **NOTE I – DEFERRED COMPENSATION PLAN:**

The Township offers its employees deferred compensation Plans created in accordance with the Internal Revenue Code, Section 457. The Plans are available to all employees. The Plans permit them to defer a portion of their current earnings until the employee's termination, retirement, death or unforeseeable future.

Due to changes in the Internal Revenue Code, the Plan's assets are considered to be property of the Plan's participants and are no longer subject to the Township's general creditors. Therefore, the Plan is no longer presented in these statements.

The Plan's participants have the right to designate how the funds will be invested. Accordingly, the Township has no liability for losses under the Plan. The Plan's assets are held in trust for the exclusive benefit of the Plan's participants and their beneficiaries.

The Township's Plan is administered by Municipal Retirement Systems, Inc, agree to hold harmless and indemnify the Board, it's appointed and elected officers and participating employees from any loss resulting from Municipal Retirement Systems, Inc or their agents' failure to perform their duties and services pursuant to the Municipal Retirement Systems Inc program.

**NOTE J – EXCESS EXPENDITURES OVER APPROPRIATIONS:**

Public Act 621 of 1978, Section 18 (1), as amended, provides that a Township shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Townships actual expenditures and budgeted expenditures for the General Fund and Special Revenue Funds have been shown on a functional basis.

The approved budgets to the Township General and Special Revenue Funds were adopted on an activity and/or program level. During the year ended March 31, 2005, the Township incurred functional expenditures which were in excess of the amounts appropriated as follows:

<u>Fund</u>	<u>Final Amended Budget</u>	<u>Expenditure</u>	<u>Variance</u>
General:			
Board of Commissioners	\$4,650	\$4,991	\$341
Supervisor	6,700	7,075	375
Board of Review	1,200	11,781	10,581
Transfer out	-	16,890	16,890
Sanitation:			
Public Works	36,400	37,020	620

## **REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION**

**Township of Humboldt, Michigan**

**GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended March 31, 2007

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Taxes	\$ 90,741	\$ 90,741	\$ 91,961	\$ 1,220
Licenses and permits	-	-	-	-
Federal sources	-	-	6,500	6,500
State sources	38,023	38,023	34,564	(3,459)
Charges for services	2,050	2,050	1,850	(200)
Interest	2,000	2,000	4,472	2,472
Other revenues	2,550	2,550	2,151	(399)
<b>TOTAL REVENUES</b>	<b>135,364</b>	<b>135,364</b>	<b>141,498</b>	<b>6,134</b>
<b>EXPENDITURES:</b>				
Legislative	4,650	4,650	4,991	(341)
General services and administration	51,200	56,850	61,211	(4,361)
Public safety	775	775	600	175
Public works	12,300	12,000	11,623	377
Community and economic development	4,750	4,750	2,460	2,290
Recreation and culture	8,800	8,800	3,067	5,733
Other	21,900	21,900	18,281	3,619
<b>TOTAL EXPENDITURES</b>	<b>104,375</b>	<b>109,725</b>	<b>102,233</b>	<b>7,492</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>30,989</b>	<b>25,639</b>	<b>39,265</b>	<b>13,626</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in/(out)	-	-	(16,084)	(16,084)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(16,084)</b>	<b>(16,084)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>30,989</b>	<b>25,639</b>	<b>23,181</b>	<b>(2,458)</b>
Fund balance, beginning of year	192,489	192,489	192,489	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 223,478</b>	<b>\$ 218,128</b>	<b>\$ 215,670</b>	<b>\$ (2,458)</b>



**Township of Humboldt, Michigan**

**ROAD FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended March 31, 2007

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 19,265	\$ 19,265
Licenses and permits	-	-	-	-
Federal sources	-	-	-	-
State sources	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>19,265</b>	<b>19,265</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
General services and administration	-	-	-	-
Public safety	-	-	-	-
Public works	300	300	-	300
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>300</b>	<b>300</b>	<b>-</b>	<b>300</b>
<b>EXCESS OF REVENUES OVER</b>				
<b>(UNDER) EXPENDITURES</b>	<b>(300)</b>	<b>(300)</b>	<b>19,265</b>	<b>19,565</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers:				
Transfer In	-	-	-	-
Transfer Out	-	-	51	51
<b>TOTAL OTHER FINANCING</b>				
<b>SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>51</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(300)</b>	<b>(300)</b>	<b>19,316</b>	<b>19,616</b>
Fund balance, beginning of year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ (300)</b>	<b>\$ (300)</b>	<b>\$ 19,316</b>	<b>\$ 19,616</b>

**Township of Humboldt, Michigan**

**FIRE & EMS FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended March 31, 2007

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 26,000	\$ 26,000	\$ 35,472	\$ 9,472
Licenses and permits	-	-	-	-
Federal Sources	-	-	-	-
State sources	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	98	98
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	<b>26,000</b>	<b>26,000</b>	<b>35,570</b>	<b>9,570</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
General services and administration	-	-	-	-
Public safety	25,000	25,000	24,772	228
Public works	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>25,000</b>	<b>25,000</b>	<b>24,772</b>	<b>228</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,000</b>	<b>1,000</b>	<b>10,798</b>	<b>9,798</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in/(out)	-	-	(806)	(806)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(806)</b>	<b>(806)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>1,000</b>	<b>1,000</b>	<b>9,992</b>	<b>8,992</b>
Fund balance, beginning of year	25,772	25,772	25,772	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 26,772</b>	<b>\$ 26,772</b>	<b>\$ 35,764</b>	<b>\$ 8,992</b>

**Township of Humboldt, Michigan**

**SANITATION FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended March 31, 2007

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Taxes	\$ 17,000	\$ 17,000	\$ 17,539	\$ 539
Licenses and permits	-	-	-	-
Federal sources	-	-	-	-
State sources	-	-	-	-
Charges for services	300	300	21	(279)
Interest	-	-	250	250
Other revenues	-	-	1,437	1,437
<b>TOTAL REVENUES</b>	<b>17,300</b>	<b>17,300</b>	<b>19,247</b>	<b>1,947</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
General services and administration	-	-	-	-
Public safety	-	-	-	-
Public works	36,400	36,400	37,020	(620)
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>36,400</b>	<b>36,400</b>	<b>37,020</b>	<b>(620)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(19,100)</b>	<b>(19,100)</b>	<b>(17,773)</b>	<b>1,327</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (in)	-	-	16,839	16,839
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>16,839</b>	<b>16,839</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(19,100)</b>	<b>(19,100)</b>	<b>(934)</b>	<b>18,166</b>
Fund balance, beginning of year	16,131	16,131	16,131	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ (2,969)</b>	<b>\$ (2,969)</b>	<b>\$ 15,197</b>	<b>\$ 18,166</b>

## **Other Supplemental Information**

**Township of Humboldt, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2007

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 70,000	\$ 62,544	\$ (7,456)
Delinquent taxes	100	8,891	8,791
Commercial forest	3,500	3,071	(429)
Penalties and interest	1,200	-	(1,200)
Payment in lieu of taxes	10,941	10,941	-
Tax collection fees	5,000	6,514	1,514
Total Taxes	<u>90,741</u>	<u>91,961</u>	<u>1,220</u>
Federal Sources:			
Election equipment	-	6,500	6,500
Total Federal Sources	<u>-</u>	<u>6,500</u>	<u>6,500</u>
State Sources:			
Public safety grants	523	534	11
Annual maintenance fee	-	-	-
State grant	5,500	-	(5,500)
State revenue sharing	32,000	34,030	2,030
Total State Sources	<u>38,023</u>	<u>34,564</u>	<u>(3,459)</u>
Charges for Services:			
Cemetery	1,150	1,125	(25)
Town hall rental	400	345	(55)
Zoning permits	500	380	(120)
Total Charges for Services	<u>2,050</u>	<u>1,850</u>	<u>(200)</u>
Interest	<u>2,000</u>	<u>4,472</u>	<u>2,472</u>
Total Interest	<u>2,000</u>	<u>4,472</u>	<u>2,472</u>
Other Revenues:			
Miscellaneous other	2,550	2,151	(399)
Total Other Revenues	<u>2,550</u>	<u>2,151</u>	<u>(399)</u>
<b>TOTAL REVENUES</b>	<u>\$ 135,364</u>	<u>\$ 141,498</u>	<u>\$ 6,134</u>

**Township of Humboldt, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2007

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>EXPENDITURES:</b>			
<b>LEGISLATIVE:</b>			
Board of Commissioners:			
Personnel services	\$ 3,750	\$ 3,980	\$ (230)
Other services and charges	900	1,011	(111)
<b>TOTAL LEGISLATIVE</b>	<u>4,650</u>	<u>4,991</u>	<u>(341)</u>
<b>GENERAL SERVICES AND ADMINISTRATION:</b>			
Supervisor:			
Personnel services	6,300	6,537	(237)
Other services and charges	400	538	(138)
<b>Total Supervisor</b>	<u>6,700</u>	<u>7,075</u>	<u>(375)</u>
Elections:			
Personnel services	2,000	1,682	318
Supplies	1,000	1,146	(146)
Other services and charges	850	929	(79)
<b>Total Elections</b>	<u>3,850</u>	<u>3,757</u>	<u>93</u>
Assessor:			
Personnel services	3,800	3,800	-
Supplies	2,000	-	2,000
Other services and charges	1,000	2,665	(1,665)
<b>Total Assessor</b>	<u>6,800</u>	<u>6,465</u>	<u>335</u>
Clerk:			
Personnel services	6,500	6,513	(13)
Other services and charges	500	412	88
<b>Total Clerk</b>	<u>7,000</u>	<u>6,925</u>	<u>75</u>
Board of Review:			
Personnel services	750	591	159
Supplies	100	27	73
Other services and charges	350	11,163	(10,813)
<b>Total Board of Review</b>	<u>1,200</u>	<u>11,781</u>	<u>(10,581)</u>
Treasurer:			
Personnel services	10,450	7,842	2,608
Supplies	750	1,458	(708)
Other services and charges	600	481	119
<b>Total Treasurer</b>	<u>11,800</u>	<u>9,781</u>	<u>2,019</u>

**Township of Humboldt, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>Township Hall and Grounds:</b>			
Personnel services	\$ 2,700	\$ 1,528	\$ 1,172
Supplies	4,000	3,583	417
Other services and charges	9,300	7,515	1,785
Total Township Hall and Grounds	16,000	12,626	3,374
<b>Cemetery:</b>			
Personnel services	3,000	1,477	1,523
Supplies	500	1,324	(824)
Total Cemetery	3,500	2,801	699
<b>TOTAL GENERAL SERVICES AND ADMINISTRATION</b>	<b>56,850</b>	<b>61,211</b>	<b>(4,361)</b>
<b>PUBLIC SAFETY:</b>			
Constable:			
Personnel services	775	600	175
Total Constable	775	600	175
<b>TOTAL PUBLIC SAFETY</b>	<b>775</b>	<b>600</b>	<b>175</b>
<b>PUBLIC WORKS:</b>			
Streetlights			
Other services and charges	12,000	11,623	377
Total Streetlights	12,000	11,623	377
<b>TOTAL PUBLIC WORKS</b>	<b>12,000</b>	<b>11,623</b>	<b>377</b>
<b>COMMUNITY AND ECONOMIC DEVELOPMENT:</b>			
Zoning:			
Personnel services	1,250	170	1,080
Supplies	200	-	200
Other services and charges	-	95	(95)
Total Refuse Collection	1,450	265	1,185
<b>Planning Commission:</b>			
Personnel services	2,500	1,960	540
Supplies	150	235	(85)
Other services and charges	650	-	650
Total Planning Commission	3,300	2,195	1,105
<b>TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT</b>	<b>4,750</b>	<b>2,460</b>	<b>2,290</b>

**Township of Humboldt, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2007

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>RECREATION AND CULTURE:</b>			
Recreation and Grants:			
Personnel services	\$ 500	\$ -	\$ 500
Supplies	-	-	-
Other services and charges	8,300	3,067	5,233
Total Recreation and Grants	<u>8,800</u>	<u>3,067</u>	<u>5,733</u>
<b>TOTAL RECREATION AND CULTURE</b>	<u>8,800</u>	<u>3,067</u>	<u>5,733</u>
<b>OTHER:</b>			
Fringe Benefits:			
Social security	2,000	779	1,221
Retirement	4,000	1,523	2,477
Total Fringe Benefits	<u>6,000</u>	<u>2,302</u>	<u>3,698</u>
Insurance and bonds	8,000	7,106	894
Capital outlay	4,000	6,500	(2,500)
Miscellaneous	3,900	2,373	1,527
<b>TOTAL OTHER</b>	<u>21,900</u>	<u>18,281</u>	<u>3,619</u>
<b>TOTAL EXPENDITURES</b>	<u>109,725</u>	<u>102,233</u>	<u>7,492</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>25,639</u>	<u>39,265</u>	<u>13,626</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers:			
Transfers in	-	806	806
Transfers out	-	(16,890)	(16,890)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>(16,084)</u>	<u>(16,084)</u>
<b>CHANGE IN FUND BALANCE</b>	25,639	23,181	(2,458)
Fund balance, beginning of year	192,489	192,489	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 218,128</u>	<u>\$ 215,670</u>	<u>\$ (2,458)</u>



**Township of Humboldt, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**ROAD FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2007

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ -	\$ 16,301	\$ 16,301
Delinquent taxes	-	2,163	2,163
Commercial forest	-	801	801
Total Taxes	<u>-</u>	<u>19,265</u>	<u>19,265</u>
<b>TOTAL REVENUES</b>	<u>-</u>	<u>19,265</u>	<u>19,265</u>
<b>EXPENDITURES:</b>			
<b>PUBLIC WORKS:</b>			
Road Improvement:			
Other services and charges	300	-	300
Total Dust Control	<u>300</u>	<u>-</u>	<u>300</u>
<b>TOTAL PUBLIC WORKS</b>	<u>300</u>	<u>-</u>	<u>300</u>
<b>TOTAL EXPENDITURES</b>	<u>300</u>	<u>-</u>	<u>300</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(300)</u>	<u>19,265</u>	<u>19,565</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In/(Out):			
General Fund	-	51	51
Total Transfers (In)	<u>-</u>	<u>51</u>	<u>51</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>51</u>	<u>51</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(300)</u>	<u>19,316</u>	<u>19,616</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ (300)</u></u>	<u><u>\$ 19,316</u></u>	<u><u>\$ 19,616</u></u>

**Township of Humboldt, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**FIRE & EMS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 26,000	\$ 30,015	\$ 4,015
Delinquent taxes	-	3,983	3,983
Commercial forest	-	1,474	1,474
Total Taxes	<u>26,000</u>	<u>35,472</u>	<u>9,472</u>
Interest and Rents:			
Interest Income	-	98	98
Total Interest and Rents:	<u>-</u>	<u>98</u>	<u>98</u>
<b>TOTAL REVENUES</b>	<u>26,000</u>	<u>35,570</u>	<u>9,570</u>
<b>EXPENDITURES:</b>			
<b>PUBLIC SAFETY:</b>			
Fire & EMS:			
Other services and charges	25,000	24,772	228
Total Refuse Collection	<u>25,000</u>	<u>24,772</u>	<u>228</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>25,000</u>	<u>24,772</u>	<u>228</u>
<b>TOTAL EXPENDITURES</b>	<u>25,000</u>	<u>24,772</u>	<u>228</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,000</u>	<u>10,798</u>	<u>9,798</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In/(out):			
General Fund	-	(806)	(806)
Total Transfers (In)	<u>-</u>	<u>(806)</u>	<u>(806)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>(806)</u>	<u>(806)</u>
<b>CHANGE IN FUND BALANCE</b>	1,000	9,992	8,992
Fund balance, beginning of year	<u>25,772</u>	<u>25,772</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 26,772</u></u>	<u><u>\$ 35,764</u></u>	<u><u>\$ 8,992</u></u>

**Township of Humboldt, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**SANITATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 17,000	\$ 14,841	\$ (2,159)
Delinquent taxes	-	1,969	1,969
Commercial forest	-	729	729
Total Taxes	<u>17,000</u>	<u>17,539</u>	<u>539</u>
Charges for Services:			
Refuse collection	300	21	(279)
Total Charges for Services	<u>300</u>	<u>21</u>	<u>(279)</u>
Interest and Rents:			
Interest Income	-	250	250
Total Interest and Rents	<u>-</u>	<u>250</u>	<u>250</u>
Other Revenues:			
Miscellaneous other	-	1,437	1,437
Total Other Revenues	<u>-</u>	<u>1,437</u>	<u>1,437</u>
<b>TOTAL REVENUES</b>	<u>17,300</u>	<u>19,247</u>	<u>1,947</u>
<b>EXPENDITURES:</b>			
<b>PUBLIC WORKS:</b>			
Refuse Collection:			
Personnel services	-	256	(256)
Other services and charges	35,400	35,327	73
Debt payment	1,000	1,437	(437)
Total Refuse Collection	<u>36,400</u>	<u>37,020</u>	<u>(620)</u>
<b>TOTAL PUBLIC WORKS</b>	<u>36,400</u>	<u>37,020</u>	<u>(620)</u>
<b>TOTAL EXPENDITURES</b>	<u>36,400</u>	<u>37,020</u>	<u>(620)</u>
<b>EXCESS OF REVENUES OVER             (UNDER) EXPENDITURES</b>	<u>\$ (19,100)</u>	<u>\$ (17,773)</u>	<u>\$ 1,327</u>

**Township of Humboldt, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**SANITATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In/(Out):			
General Fund	\$ -	\$ 16,839	\$ 16,839
Total Transfers (In)	-	16,839	16,839
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	16,839	16,839
<b>CHANGE IN FUND BALANCE</b>	(19,100)	(934)	18,166
Fund balance, beginning of year	16,131	16,131	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ (2,969)</u>	<u>\$ 15,197</u>	<u>\$ 18,166</u>

**Township of Humboldt, Michigan**

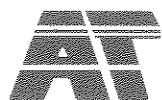
**FIDUCIARY FUNDS**

**COMBINING STATEMENT OF NET ASSETS**

March 31, 2007

	<u>Trust &amp; Agency Fund</u>	<u>Tax Collection Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,108	\$ 35,787	\$ 37,895
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,108</u>	<u>\$ 35,787</u>	<u>\$ 37,895</u>
<b>LIABILITIES</b>			
Due to other funds	\$ 100	\$ 13,126	\$ 13,226
Due to others	<u>2,008</u>	<u>22,661</u>	<u>24,669</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 2,108</u>	<u>\$ 35,787</u>	<u>\$ 37,895</u>

## **Compliance Supplements**



# ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

## PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Supervisor and Township Board  
Township of Humboldt, Michigan  
244 Co Rd FAF  
Humboldt, Michigan 49814

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Humboldt, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township of Humboldt, Michigan's basic financial statements and have issued our report thereon dated July 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Humboldt, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Humboldt, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Humboldt, Michigan's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Humboldt, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township of Humboldt, Michigan's financial that is more than inconsequential will not be prevented or detected by the Township of Humboldt, Michigan's internal control. We consider the deficiencies described in a separate letter to management dated July 20, 2007 as item 07-01 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Humboldt, Michigan's internal control.

Honorable Supervisor and Township Board  
Township of Humboldt, Michigan

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other matters

As part of obtaining reasonable assurance about whether the Township of Humboldt, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in a separate letter to management dated July 20, 2007 as item 07-02.

This report is intended solely for the information and use of the audit committee, management, and Township Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Jackman & Company, PLLC*  
Certified Public Accountants

July 20, 2007





***Township of Humboldt, Michigan***  
***Report to Management Letter***  
***For the Year Ended March 31, 2007***

Honorable Supervisor and Township Board  
Township of Humboldt, Michigan  
244 Co. Road FAF  
Humboldt, MI 49814

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Humboldt, Michigan as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Humboldt, Michigan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Humboldt, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Humboldt, Michigan's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

**07-01 – FINANCIAL REPORTING CYCLE**

**Condition/Criteria:** The monthly and year end financial reporting package as presented to the Board of Trustees is not fully compliant with generally accepted accounting principles. The general ledger is recorded on the cash basis of accounting and not on the modified-accrual basis of accounting.

**Effect:** Because the accruals are not being record in the general ledger until after the audit, the financial statements are not compliant with generally accepted accounting principles.

**Cause of Condition:** Failure to record accruals in the general ledger.

Honorable Supervisor and Township Board  
Township of Humboldt, Michigan

**Recommendation:** We suggest that monthly and at year end, all accruals are recorded in the general ledger.

**Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Jill Rankinen, Clerk
- Corrective Action Planned:
  - The Township is planning on starting to record accruals on a monthly basis in the coming fiscal year.
- Anticipated Completion Date:
  - March 31, 2008

**INSTANCE OF NON-COMPLIANCE**

**07-02 (REPEATED) – UNIFORM BUDGETING AND ACCOUNTING ACT (PA621)**

**Condition/Criteria:** Public Act 621 of 1978, Section 18 (1) as amended, provides that townships shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township of Humboldt, Michigan had actual expenditures and budgeted expenditures for the General Fund and Special Revenue Funds have been shown on a functional basis. The approved budgets of these funds were adopted on an activity and/or program level. During the year ended March 31, 2007, the Township of Humboldt, Michigan incurred functional expenditures which were in excess of the amounts appropriated as shown within the basic financial statements.

**Effect:** The Township of Humboldt, Michigan is not in compliance with State Law.

**Cause of Condition:** Failure to amend the budgets during the year based on the level of expenditures.

**Recommendation:** The Township of Humboldt, Michigan should strictly control expenditures in each governmental fund so as not to exceed the original appropriation. When this is not possible, the budget should be amended accordingly.

**Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Jill Rankinen, Clerk
- Corrective Action Planned:
  - The budget will be more closely monitored and budget amendments will be made accordingly.
- Anticipated Completion Date:
  - March 31, 2008

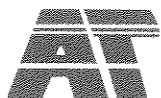
This communication is intended solely for the information and use of the management, audit committee, Township of Humboldt, Michigan Board of Trustees, and others within the organization, and is not intended to be and should not be and should not be used by anyone other than these specified parties.

We appreciate and would like to thank the Township of Humboldt, Michigan's staff for the cooperation and courtesy extended to us during our audit. We would be pleased to discuss any comments or answer any questions regarding our audit with you at your convenience.

*Anderson, Tackman & Company, PLLC*

Certified Public Accountants

July 20, 2007



# ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

## PARTNERS

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MILWAUKEE

Honorable Supervisor and Township Board  
Township of Humboldt, Michigan  
244 Co Rd FAF  
Humboldt, MI 49814

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Humboldt, Michigan for the year ended March 31, 2007, and have issued our report thereon dated July 20, 2007. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility under Generally Accepted Auditing Standards**

As we stated in our engagement letter dated April 23, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

### **Significant Accounting Policies**

Management is responsible for selection and use of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies adopted by the Township are described in Footnote A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2006/2007. We noted no transactions entered into by the Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. These estimates are relatively insignificant in relation to the financial statements taken as a whole.

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Honorable Supervisor and Township Board  
Township of Humboldt, Michigan

### **Audit Adjustments**

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township, either individually or in the aggregate, indicate matters that could have a significant effect on the Township's financial reporting process.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether significant or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Consultation with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about accounting and auditing matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principal to the government unit's financial statements or a determination of the type of auditors' opinion to be expressed on those statements, our professional standards require the consulting accountant to advise us to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in the performance of our audit.

This information is intended solely for the use of the Township Board of Commissioners and management of the Township of Humboldt, Michigan and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

July 20, 2007

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